

Continuation of Health Benefits Insurance Under COBRA

Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

WHAT IS COBRA?

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 requires that most employers sponsoring group health plans offer employees and their eligible dependents the opportunity to temporarily extend their group health coverage in certain instances where coverage under the plan would otherwise end. For EUTF participants, COBRA is not a separate health program; it is a continuation of EUTF coverage under the provisions of the federal law.

WHO IS ELIGIBLE FOR COBRA?

Employees may continue coverage under COBRA if coverage ends because of:

- Reduction in working hours, or
- Termination of employment for reasons other than gross misconduct.

Spouses of employees may continue coverage under COBRA if coverage ends because of:

- Death of the employee,
- Employee's coverage lost due to a reduction in working hours
- Termination of employment for reasons other than gross misconduct;
- Divorce or legal separation of the employee and spouse
- Election of Medicare as the employee's primary insurance carrier.

Dependent children of employees may continue coverage under COBRA if coverage ends because of:

- Loss of dependent child's eligibility through independence, the attainment of age 19 (24 if a full-time student), or marriage,
- Death of the employee,
- Employee's coverage lost due to a reduction in working hours,
- Termination of employment for reasons other than gross misconduct,
- Divorce or legal separation of the employee and spouse,
- Election of Medicare as the employee's primary insurance carrier.

HOW LONG WILL COBRA COVERAGE LAST? The length of your COBRA coverage continuation depends on the nature of the COBRA qualifying event that entitled you to the coverage.

Under COBRA, the employee or family member may qualify to keep their group health plan benefits for a set maximum period of time, depending on the reason for losing the health coverage. The following represents some basic information on periods of continuation coverage:

Qualified Beneficiary	Qualifying Event	Period of Coverage
Employee Spouse Dependent child	Termination Reduced hours	18 months *
Spouse Dependent child	Entitled to Medicare Divorce or legal separation Death of covered employee	36 months
Dependent child	Loss of dependent child status	36 months

*This 18-month period may be extended for all qualified beneficiaries if certain conditions are met in cases where a qualified beneficiary is determined to be disabled.

HOW MUCH WILL I PAY FOR COVERAGE?

The cost of your coverage under COBRA will amount to the full group rate plus a 2 percent administration fee. Refer to the COBRA Rates near the end of this document.

EMPLOYEE/EMPLOYER RESPONSIBILITIES:

The employee is responsible for notifying the employer within 60 days of a COBRA qualifying event such as divorce, legal separation, or a child losing dependent status. If the employee does not inform the employer of the change in dependent status within the 60 days, the employee may forfeit the dependent's right to COBRA. The notification must include the employee's name and social security number, address where the COBRA election form is sent, name and social security number of the individual qualified for COBRA, and the date of the event.

The employer has the responsibility to notify the employee, the spouse and/or dependents of their rights to purchase continued health coverage within 14 days of receiving notice that there has been a COBRA qualifying event. An application form with instructions and a rate chart should be sent with the COBRA notice. The notice gives the date coverage will end and the period of time over which coverage may be extended.

ENROLLING FOR COBRA COVERAGE:

The employee and/or the dependent seeking coverage are responsible for submitting a properly completed EUTF COBRA Election Form to the EUTF. This application must be filed within 60 days of the loss of coverage or of the date of employer notification, whichever is later. Failure to submit the application within the time frame allowed by law is considered a decision not to enroll. You may only elect to enroll in any or all of the coverage you had as an active employee or dependent (health, prescription, dental, and vision). You may also elect to cover the same family members you had as an active employee, or you can reduce those covered.

AFTER YOU HAVE ENROLLED IN COBRA

You should be aware of the following information after you have enrolled in the EUTF under COBRA:

Bills will be sent from the respective carriers. Any billing questions must be referred to the respective health benefits insurance carriers. You may or may not be billed monthly. Each insurance carrier handles payment independently. It is your responsibility to make payment on a timely basis.

Once you are enrolled in COBRA, claims are handled just like active employee claims (i.e., using the same claim forms and procedures). Questions about claims should be directed to the insurance carriers.

HMSA 948-6111 or Toll Free 1-800-776-4672
Kaiser 432-5310 or Toll Free 1-888-432-5310
HDS 521-1431 or Toll Free 1-800-232-2533
VSP 524-4877 or Toll Free 1-800-852-7600, ext 4636

Plan administration under COBRA follows the same rules as for active employees. However, all activity is processed through the EUTF Administrator rather than the former employer. COBRA subscribers are permitted to change health plans and/or alter coverage during the annual Open Enrollment period through the EUTF Administrator. However, plans are limited to only those plans that the individual had prior to becoming eligible for COBRA. All COBRA enrollees will receive Open Enrollment information mailed directly to their address on file with the EUTF.

If you have moved out of your plan's service area, you have 30 days to request a change to another plan. Otherwise, you can change plans during the annual open enrollment period. You may make changes in coverage due to a "qualifying event" but it must be made in writing within 30 days of the event to the address below.

TERMINATION OF COBRA COVERAGE

Your COBRA benefits under the Hawaii Employer-Union Health Benefits Trust Fund will terminate for any of the following reasons:

Your employer (or former employer) no longer provides EUTF health benefits coverage to any of its employees. In this case, your employer will give you the opportunity to continue coverage through their new insurance plan;

You become covered under another group plan as either an employee or dependent (unless that plan has a pre-existing condition clause) after you elect COBRA coverage (see NOTE below);

You become eligible for Medicare (affects health insurance coverage only, does not affect dental, prescription drugs or vision care coverage) after you elect COBRA coverage;

You fail to pay your premiums; or

Your eligible coverage continuation period ends.

NOTE: If, after enrolling in COBRA you obtain new coverage which has a preexisting condition clause, you may continue your COBRA enrollment and pay for coverage of the condition excluded by the preexisting condition clause. To be eligible for the continued COBRA coverage you will have to provide information about the preexisting condition clause to the EUTF administrator and only the preexisting condition will be covered. You will be allowed to continue your COBRA coverage to its normal end date or when the preexisting condition clause ends, whichever comes first.

MONTHLY COBRA RATES

Effective July 1, 2003 through June 30, 2004

Medical & Prescription Drugs Plans	<u>Carrier</u>	<u>Single</u>	<u>Family</u>
	HMSA	\$233.96	\$706.04
	Kaiser	220.73	662.22
	ChiroPlan	1.19	2.49
Dental Plans (HDS only)	Regular Plan	\$ 24.56	\$ 70.30
	Dual Coverage Plan	14.37	41.81
Vision Plans (VSP only)	Regular Plan	\$ 6.01	\$ 12.92
	Dual Coverage Plan	3.39	7.30

LIFE INSURANCE

When you terminate your employment, you are entitled to convert your group life policy to an individual policy without evidence of insurability. You must apply within 31 days after your insurance coverage ends. You may convert to an amount of life insurance equal to the amount of insurance you had prior to termination. The conversion option provides 31 days of "free" coverage. If you die within the 31-day conversion period, and before the individual policy goes into effect, the amount payable is the maximum amount you could have converted. This amount applies even if you had not applied for or paid the first premium on the individual policy. Contact Aetna Customer Service at 1-866-227-9954 for additional information and rates.

INSTRUCTIONS FOR THE COMPLETION OF THE ACTIVE EMPLOYEE COBRA ELECTION FORM
(EUTF-AE form (COBRA), July 2003)

The following instructions are provided for completing the EUTF-AE form (COBRA):

1. **Date of Notice:** This Date of Notice is the date that marks the beginning of the 60 day period in which you need to make your elections and submit the form to EUTF.
2. **Reply Deadline:** This is the date that your election form must be received at EUTF. If the form is mailed, the postmark date is considered the receipt date. If the form is Faxed, then the date of receipt on the received document is considered the receipt date. If the delivered in person, the EUTF will stamp the current date on the form.
3. **Part A: COMPLETED BY THE QUALIFIED BENEFICIARY:** This is the individual who is eligible for continued health benefits coverage through COBRA.
 - a. If a family is involved, list all of the names of the individuals to be covered on the back side of this form.
 - b. If any family member chooses to enroll separately, that member will need to complete a separate form.
 - c. Enter the address where you want enrollment, carrier and billing information to be sent. For example, if the qualified beneficiary is a student attending school in the mainland, you may want the information to be sent directly to your child. If you elect to list your own mailing address, then all correspondence will be forwarded to that address and you will be responsible to ensure that the deadlines are met.
4. **Part B: COMPLETED BY EUTF:** This event determines your qualification for COBRA health benefits coverage. The date indicated is the last day of health benefits under your employer's group benefit plan.
5. **Part C: COMPLETED BY THE QUALIFIED BENEFICIARY:** You may elect to enroll in any or all of the coverage you had as an active employee or dependent. You may also elect to cover the same family members you had as an active employee, or you can reduce those covered. In addition, each of your family members may elect to be covered by their own SELF plans.
 - a. You and your dependents may only enroll in plans in place on the last day of coverage.
 - 1) For example, if you were not enrolled in a dental plan, you are ineligible to enroll in that plan under COBRA.
 - 2) If your dependents are not enrolled in your plans, they are ineligible to received continued coverage through COBRA
 - b. If your initial enrollment is within an open enrollment period, you can make changes to your plan and coverage just as if you are an active employee.
 - c. The date indicated in this section shows the last day that you are entitled for coverage under COBRA.
6. **Name and Signature section:** The Qualified Beneficiary's name is entered here when the election is for the entire family or for minor dependents. If the spouse, an ex-spouse or a student is the beneficiary, then their name is entered. The individual should then sign and date the form.

After completion of the form, the individual can either mail it to the EUTF or FAX a copy to 586-2161.

Mailing Address: **Plan Administrator**
 P.O. Box 2121
 Honolulu, HI 96805-2121

If you have any questions, please call the EUTF at 586-7390.